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SUBJECT: Japan Economic Scope for December 29, 2008

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¶1. (U) This cable contains the Japan Economic Scope from December 17 to 29, 2008

Foreign Relations

¶2. (U) Nippon Oil/Nippon Mining Merger
Nippon Oil and Nippon Mining Holdings, Japan's largest and 5th largest oil companies, announced they have reached a basic agreement to merge under a holding company. The firms plan to sign an "Agreement on Management Integration" by March 2009 and establish the holding company by October 2009 and core subsidiaries by April 2010. The subsidiaries will likely be organized to cover petroleum refining and marketing, oil and natural gas exploration, and metals. The merged entity is estimated to have 13.15 trillion yen in combined sales, making the new Nippon Oil the world's eighth largest energy company. Its estimated 33 percent domestic market share will reportedly be nearly twice that of the nearest competitor, ExxonMobil.

¶3. (U) GOJ Attends Bali Democracy Forum Ministerial Meeting

Masahiko Koumura, former GOJ Minister for Foreign Affairs, attended the Bali Democracy Forum Ministerial Meeting in Bali, as Special Envoy of Prime Minister Taro Aso in early December. This Forum, hosted by Indonesia, sought to promote and consolidate democracy in Asia.

¶4. (U) Japan-Philippine Economic Partnership Agreement (EPA) Holds First Meeting

The Japan-Philippine Economic Partnership Agreement recently entered into force at the first meeting of the Joint Committee in Tokyo. Hirofumi Nakasone, Minister for Foreign Affairs, Koichi Hirata, Senior Vice Minister of Finance, Tetsuro Nomura, Vice-Minister for Agriculture, Forestry and Fisheries, and Masaaki Tanai, Parliamentary Secretary for Economy, Trade and Industry, represented the GOJ. Alberto G. Romulo, Foreign Secretary, and Ralph Gonzalez Recto, Secretary of Socio-Economic Planning, represented the GOP. The Joint Committee adopted operational rules for trade in commodities, rules of origin, and mutual recognition.

¶5. (U) Malawi's Foreign Minister Visits Japan

Malawi's Foreign Minister Joyce Banda visited Japan December 14. Japan established its embassy in Lilongwe in January 2008 and has been working to strengthen bilateral relations with the country. Foreign Minister Banda also visited Oita Prefecture, which has a close relationship with Malawi through the "One-Village-One-Product Campaign." Japan continues to support economic development in Malawi through assistance measures announced at this year's Tokyo

International Conference on African Development (TICAD IV).

16. (U) Japanese NGO Recognized for Mine Removal Work in Cambodia

A Japanese non-Governmental Organization (NGO) working to remove landmines in Cambodia for the past ten years was selected to receive the 10th Asia Human Rights Award. The Cambodia Mines-Removal Campaign, based in Fukuoka City, is the first Japanese organization to receive the award given to individuals or groups that have contributed to improving human rights issues in Asia. Past recipients include Burma's pro-democracy leader Aung San Suu Kyi. Established in 1998, the Cambodia Mines-Removal Campaign has undertaken a range of activities to help remove landmines in Cambodia, including donating artificial limbs and medications to mine victims, and school construction.

17. (U) JICA to Support Victims of Human Trafficking

The Japan International Cooperation Agency (JICA) will begin a \$3 million, five-year program in January to support victims of trafficking in persons (TIP) in Thailand, Cambodia, Laos, and Vietnam. JICA plans to rescue women and children who have fallen victim to human trafficking and protect them temporarily in shelters and provide technical training to prepare for the return to their original communities.

18. (U) JICA and ASEAN Leaders Discuss Mutual Cooperation and Regional Issues

Japan International Cooperation Agency (JICA) President Sadako Ogata and Dr. Surin Pitsuwan, Secretary General of ASEAN, discussed future

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cooperation between the two organizations and the latest regional developments December 8 in Tokyo. They reviewed a recent agreement between the two organizations to accelerate further ASEAN integration, drawing on JICA's extensive development experience in the region. A new ASEAN charter entered into force on December 14 when The ASEAN Secretariat is expected to play a larger role in regional integration. Now that the ASEAN Charter has come into effect earlier this month, Dr. Surin underlined his commitment to help newer ASEAN members such as Cambodia, Laos, Burma and Vietnam to narrow the development gap in the region and expressed his expectations for JICA's close cooperation in this endeavor.

19. (U) Japan and United Nations Development Program (UNDP) to Implement \$92m Climate Change Program in Africa

The GOJ and UNDP agreed to implement a \$92.1 million program for climate change adaptation in 21 African countries, under the "Japan-UNDP Joint Framework for Building Partnership to Address Climate Change in Africa," established at the Tokyo International Conference on African Development (TICAD IV) in May. A total of \$11 million will be allocated to joint programs with the United Nations Children's Fund (UNICEF), the World Food Programme (WFP) and the United Nations Industrial Development Organization (UNIDO). Preparations for implementing the program are underway through UNDP, in coordination with the governments of Ethiopia, Ghana, Gabon, Cameroon, Kenya, Republic of Congo, Senegal, Nigeria, Namibia, Niger, Burkina Faso, Malawi, Mozambique, Morocco, and Lesotho -- countries that established the Cool Earth Partnership with Japan. The group is considering expanding the Cool Earth Partnership to include six additional countries. The Joint Framework includes introducing long-term planning mechanisms to manage the effects of climate change; building leadership capacities and institutional frameworks to manage climate change risks across ministries and at the local and national levels; implementing climate-resilient policies and measures in high-priority sectors; and providing guidance on a financing framework to meet national adaptation costs. Japan hopes this effort will help African countries overcome their vulnerability to climate change and promote their active engagement in developing an effective post-2012 climate change framework.

110. (U) GOJ Extends Assistance for Palestine Refugees

The GOJ extended assistance of about \$2.85 million to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to support the general fund, a universal scholarship program, and a project to expand implementation of a maternal and child health handbook.

¶11. (U) GOJ Extends Emergency Aid to Yemen for Flood Disaster

The GOJ extended emergency grant aid of about \$800,000 through the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Children's Fund (UNICEF), to support the victims of the recent serious flooding in Yemen. The GOJ provided about \$180,000 in emergency relief goods to Yemen in late October.

¶12. (U) Japan-China-Korea Hold Trilateral Consultation on Foreign Policy towards Africa

Japan, China, and Korea held trilateral policy consultations on foreign policy towards Africa in Tokyo December 12. Officials from the three countries discussed priorities on Africa policy, as well as their economic relations and development cooperation with Africa, and regional issues.

ZUMWALT